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## INFORMATION REPORT

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25X1 of the Merchant Fleet

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1. There are two basic policies in effect throughout the Ministry of the Merchant Fleet (MMF), one for construction of new vessels and one for repair and maintenance of existing ones. The policy relative to construction is completely uncoordinated and considerable confusion reigns within this field. With regard to repair programs, the procedures are fairly well defined. The general condition of the fleets, however, is poor, due to the high transport norms that have been set without allowing time for proper maintenance.

Construction

2. I do not know of any overall policy for future expansion of the Merchant Fleet. New construction, now based on the needs of the individual shipping companies, is limited to small vessels. When a company needs new tugboats, for example, it sends a request to the Chief Directorate (Glavk) of its regional fleet. The Glavk forwards the request to the MMF and the minister decides whether to include the proposed construction in the MMF's budget. His recommendations, of course, are subject to overall USSR policy.
3. Shipbuilding funds allotted by the state to the MMF are actually included in the Ministry of the Shipbuilding Industry's budget (MinSudProm), where they are earmarked for MMF use. The MMF distributes the funds among the chief directorates of the regional fleets under its jurisdiction. This procedure for new vessel construction also applies to the Ministry of the River Fleet (MinRechFlot) and other unnamed industries.

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4. The contracts for the authorized construction of new vessels are negotiated by the chief directorates, MMF, who have complete freedom of action and can select the yards which do the actual shipbuilding. The contracts are signed by the chief directorates and by representatives of the chosen shipyards. On rare occasions a chief directorate may delegate the authority to sign construction contracts to a steamship company. This was done in 1949 when ReydTanker, an Astrakhan steamship company, signed a contract for eight tugs with the Shipyard Vano Sturua in Baku.
5. Negotiating a ship construction contract takes relatively little time. The biggest obstacle facing a steamship company is the necessity to justify to the MMF the need for new vessels. Ordinarily it takes about one month before actual work is started on a ship for which the contract has been signed.
6. When the chief directorates pass construction contracts with shipyards outside the jurisdiction of the MMF, difficulties may arise because the ministry under which such a yard operates is not bound by the contract and may turn over the completed vessel to another consumer. In 1950, for example, the Chief Directorate of the Oil Tanker Fleet (GlavNeft-Flot) signed a contract for a Diesel tug with Krasnoye Sormovo at Gorkiy, a plant which is under the Ministry of Transport Machinery (MinTrans-Mash). When the tug Yubileynyy was completed, ReydTanker, for whom it was intended, sent a crew to take it to the Caspian Sea. Krasnoye Sormovo, however, refused to deliver the tug because in the meantime it had received a directive from MinTransMash to deliver the tug to a steamship company operating under the Ministry of the River Fleet (MinRechFlot). Such cases are not rare and they illustrate very well the rivalry between the various ministries. There is a widespread feeling that there should be a more coordinated construction policy to prevent the passing of individual contracts. [redacted] there is no such plan [redacted]
7. Progress of work in the construction of new vessels is constantly checked and supervised by a team of representatives of the contracting steamship company and of the chief directorate under which it operates. This group usually consists of an engineer from the Glavk and an engineer and a technician from the steamship company. The salaries of all these representatives are paid by the steamship company out of its own budget and not from any special fund assigned by the Glavk. These representatives send periodic progress reports to the steamship company and the Glavk in accordance with the terms of the contract. They may be called for every ten days, semi-monthly or monthly.
8. Payment procedures for construction work are specified in the contract. Usually part payments, dependent upon the periodic reports of the technical representatives, are made as the work proceeds. The contract may call for a certain percentage of the work to be accomplished and paid for by the end of a month. If the progress is in conformity with the contract, the Glavk issues an authorization of payment to the offices of MMF. The sum specified in the contract for this work is released to the shipyard from the appropriation allotted to the MMF in the budget of the Ministry of the Shipbuilding Industry. This is merely a bookkeeping procedure as none of these funds are actually in the hands of the agencies concerned. No payment can be made unless the work is in accordance with the conditions set forth in the contract and approved jointly by the representatives of the Glavk and the steamship company.

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9. During the course of construction and upon completion of the vessel, certain tests and trials are conducted in accordance with rigid and detailed instructions which are set down in books such as the Specifications for Construction of Maritime Steel Ships (Klassifikatsiya Postroyki Morskikh Stal'nykh Sudov). These tests include the following:
- (a) Tests of the structural requirements of the hull such as fittings, welding, riveting, and water-tight integrity tests, are conducted before launching;
  - (b) Dock trials are limited to exceptional projects, and probably vessels for the Navy, but are not normally held for merchant ships;
  - (c) Underway trials are conducted for all vessels and are the most thorough and rigid inspection which the vessel undergoes. They test the general seaworthiness and characteristics of the vessel and include the following:
    - (1) Speed of the vessel over a measured mile
    - (2) Maneuverability
    - (3) Heeling tests
    - (4) Turning radius
    - (5) Power tests. A dynamometer is used to test the towing ability of tugs.
10. The underway trials are conducted in the presence of officials of the interested organizations, which include the chief engineer of the steamship company which ordered the vessel, an engineer from the Glavk, representatives of the Maritime Registry, and certain state officials. The ultimate approval of the vessel must be given by the representatives of the Maritime Registry, and without it the vessel cannot be accepted by the steamship company.
11. Final acceptance of the vessel is formalized by the completion of the delivery papers, which are signed by the representatives of the steamship company, the shipyard, and the Maritime Registry. After that the steamship company sends a crew to take over the vessel from the shipyard. Final payment is made when the vessel is taken to the port designated by the steamship company.
12. The time for completion of a shipbuilding project varies. In 1947, for example, 25 one-thousand-ton barges were ordered from the Mordovshchiki shipbuilding yard. Delivery was made in 1949.

Repair

13. A high level of maintenance is impossible in the fleets of the MOP because of the general Soviet policy of utilizing men and equipment to the maximum in order to fulfill the norms and goals set by the Five-Year Plans. No time is allotted for routine or preventive maintenance and the deteriorating effects on labor and machinery are disregarded. The poor condition of the vessels of the Merchant Fleet can also, to a large extent, be attributed to their crude handling by crews who generally have no skilled background, a feature which was especially pronounced immediately after the war.

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14. Repair funds are budgeted for the individual steamship companies by the Minister of the Merchant Fleet and the sums are put at the disposal of the companies. The chief directorates of the regional fleets are not involved in these transactions. When repair work has been completed, payments are made by the steamship companies to the repair yards. If the work is done by the repair facilities of the steamship company itself, a mere bookkeeping transfer of funds from one account to the other is made. Such funds are provided for in the annual repair plan of the steamship company.
15. When the repair work is done by a yard of GlavMorProm a more formal procedure is followed. A local contract (lokal'nyy dogovor) is signed between the two organizations. These contracts can be formulated in a relatively short period of time and normally without any substantial delays. About 10 days elapse between the signing of the contract and the beginning of the repair work. Such a contract is quite detailed and specifies the following:
  - (a) Type of repair
  - (b) Costs involved
  - (c) Delivery terms
  - (d) Work specifications and supply of materials
  - (e) Responsibilities of the contracting parties with regard to quality of work and compliance with delivery terms.
16. In the smaller yards the various phases of the repair work are supervised by the foremen in whose shop the work is done but no single shop makes an inspection of the entire repair program. In a very few larger yards of the Merchant Fleet, for example in the Ship Repair Yard Zakfederatsiya at Baku, a much better procedure has been established. This yard has a special technical section, consisting of marine engineers, whose function is to assume full responsibility for a ship entering repair. One of these engineers becomes inspector of all the work performed on a particular ship and coordinates the activities of the shops engaged in this repair. This method of repair control has proved to be particularly satisfactory although it is not in general use in the repair yards of the Merchant Fleet.

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